

SMALL, MINORITY, AND WOMEN-OWNED BUSINESS INVESTMENT ACCOUNT-
VIDEO LOTTERY TERMINAL

(VLT)

ANNUAL FINANCIAL STATUS REPORT
STATE GOVERNMENT ARTICLE

TITLE 9, SUBTITLE 1A-35

Submitted by:

Maryland Department of Business and Economic Development
(DBED)

As of June 30, 2014

TABLE OF CONTENTS

| | |
|---|-----------|
| History & Program Description | 3 |
| Fund Manager Activity as of June 30, 2014 | 5 |
| Anne Arundel VOLT Fund Manager Activity..... | 13 |
| MMG Maryland Casino Business Investment Fund Activity..... | 15 |
| Maryland Capital Enterprise VLT Fund Activity..... | 17 |
| Consolidated Activity Charts | 19 |
| Certifications | 20 |

**SMALL, MINORITY, AND WOMEN-BUSINESS INVESTMENT ACCOUNT-VIDEO
LOTTERY TERMINAL (VLT)**

History and Program Description

During the 2007 special session, the General Assembly enacted legislation to license video lottery terminal (VLT) gaming in Maryland contingent on the legislation being ratified by the voters of the State. In the November 2008 general election, the voters of Maryland ratified a constitutional amendment authorizing VLTs in the State. Because of the ratification of the constitutional amendment, the Small, Minority, and Women-Owned Businesses Account (Account) was established; the legislation creating the Account was similarly enacted during the 2007 special session.

State Law generally requires that 1.5 percent of VLT proceeds be paid into the Account, which is a special, non-lapsing fund administered by the Comptroller of Maryland under the authority of the Board of Public Works (BPW). State Law specifies that the Account be used by the BPW to make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State, of which at least 50 percent must be allocated to such businesses in the jurisdictions and communities surrounding a video lottery facility. BPW is responsible for ensuring that the fund managers allocate the funds in accordance with the State law. BPW has designated the Department of Business and Economic Development (DBED) to manage the VLT Program on its behalf, per Memorandum of Understanding dated August 22, 2012.

Licenses were awarded to operate VLT casinos in Cecil, Worcester, Anne Arundel, and Allegany Counties and Baltimore City. The casinos in Cecil, Worcester, and Anne Arundel Counties began VLT gaming operations on September 27, 2010, January 4, 2011, and June 6, 2012, respectively. VLT gaming operations opened in Allegany County at the Rocky Gap Resort in May of 2013. The Baltimore VLT facility opened in August of 2014.

A transfer of \$1,867,000 from the Account to the Education Trust Fund was made on June 1, 2012. This transfer was authorized by the enactment of Chapter 1, Laws of Maryland, 2012 Special Session 1 (Budget Reconciliation and Financing Act of 2012). The Account has been credited with 1.5 percent of VLT proceeds as specified by law. The Account began receiving funds during fiscal year 2011 when the first VLT facility began gaming operations.

On April 17, 2013, the BPW approved the award to three fund managers, Anne Arundel Economic Development Corp. awarded \$3,360,000; Maryland Capital Enterprises Inc. awarded \$1,000,000; and Meridian Management Group Inc. awarded \$3,500,000 will oversee the distribution of funds from the Account. Fund Managers contracts were executed on May 1, 2013.

A summary of Account activity through June 30, 2014, according to the Comptroller's accounting records is presented below. Revenues into the Account were \$8.4 million, with disbursements from the Account for Fund Managers and Administrative Expenses of \$6.8 million. Remaining encumbrance of \$10.1 million represent prior and new Fund Manager

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

encumbrances. The available balance at June 30, 2014 was 2.3 million. The proposed budget for Fiscal Year 2015 is \$9.1 million, and will be disbursed to the two existing fund managers Anne Arundel County (\$2.0 million), Meridian Management Group (\$2.0 million), and four new fund managers: Baltimore County (\$1.5 million), Baltimore Development Corporation (\$1.0 million), Howard County (\$1.5 million), and Tri County Council of Western Maryland (\$1.1 million).

| Small, Minority and Women-Owned Business Investment Fund | | | |
|---|------------|-----------------------|--|
| 2014 Activity | | | |
| Beginning Balance (State Account) | | 10,945,566.47 | |
| Revenues | | | |
| | 8/12/2013 | 729,656.34 | |
| | 9/6/2013 | 746,165.18 | |
| | 10/8/2013 | 666,919.82 | |
| | 11/6/2013 | 675,451.00 | |
| | 12/5/2013 | 670,562.42 | |
| | 1/7/2014 | 634,643.75 | |
| | 2/7/2014 | 638,396.60 | |
| | 3/7/2014 | 672,175.00 | |
| | 4/7/2014 | 762,256.76 | |
| | 5/6/2014 | 719,018.53 | |
| | 6/9/2014 | 777,908.94 | |
| | 6/30/2014 | 728,522.21 | |
| 2014 Revenues | | 8,421,676.55 | |
| Disbursements | | | |
| | 10/30/2013 | (1,616,076.89) | Reimbursement for 1st Qtr disbursements (JT000003) |
| | 3/18/2014 | (1,318,747.00) | Reimbursement for 2nd Qtr disbursements (JT000004) |
| | 5/22/2014 | (2,088,000.00) | Reimbursement for 3rd Qtr disbursements (JT000005) |
| | 6/30/2014 | (50,000.00) | Reimbursement for FY14 Admin expenses (JT000006) |
| | 6/30/2014 | (1,814,976.11) | Reimbursement for 4th Qtr disbursements (JT000007) |
| 2014 Disbursements | | (6,887,800.00) | |
| Ending Balance (State Account) | | 12,479,443.02 | |
| Encumbrances as of 6/30/14 | | 10,122,200.00 | |
| Available funds as of 6/30/14 | | 2,357,243.02 | |

As the designated administrator of the VLT Program, **DBED has collected and reviewed Fund Manager activity from May 1, 2103 to June 30, 2014 and is satisfied with the information**

submitted. Below is a presentation of each Fund Manager's activity along with a listing of VLT transaction and disbursement activity.

FUND MANAGER ACTIVITY

Anne Arundel County Economic Development Corporation (AAEDC)

The mission of the AAEDC is to support business and serve as a catalyst for business growth in Anne Arundel County thereby increasing job opportunities, expanding the tax base and improving quality of life.

By providing investment and technical assistance and fostering community revitalization initiatives, the AAEDC plays a vital role in enhancing commercial districts, improving county infrastructure, increasing agriculture-based business and promoting high-value business sectors such as technology and national security.

To accomplish its mission, AAEDC:

- Recruits new businesses to locate in Anne Arundel County and assists in the expansion of existing businesses
- Anticipates and addresses workforce development needs of the county's business community
- Promotes Anne Arundel County as a premier location for business
- Provides advocacy for Anne Arundel County businesses undergoing the regulatory and approval process
- Provides financing assistance to county businesses
- Incentivizes redevelopment and revitalization along older commercial corridors
- Promotes technology development and attracts start-up ventures through Anne Arundel County's technology incubator, the Chesapeake Innovation Centre
- Promotes agriculture development and expands markets for agri-business

Program Performance Since Inception to June 30, 2014

In May of 2013, DBED contracted the management of \$3,360,000 to AAEDC.

The VOLT Fund Loan Program: Businesses in Maryland may qualify for a loan of between \$25,000 to \$500,000 for expenses such as business and commercial real estate acquisition and expansion, lease-hold improvements, equipment and vehicle purchase, and working capital.

Since May 1 2013, twenty-two (22) applications were approved for financing totaling \$3,092,000. Of these applications, five (5) loans in the amount \$1,050,000 were loans with equity features and seventeen (17) loans for \$2,042,000 were conventional loans. Twenty-one (21) loans settled for \$2,992,000. Economic impact of all closed transactions is 134 retained

jobs, 132 created jobs with total project costs of \$8,743,910. Of the closed loans, 59.42% of total dollars were within the targeted areas of the three (3) existing VLT facilities (Maryland Live Casino in Anne Arundel County, Ocean Downs in Worcester, and Hollywood Casino in Perryville) at the time the original Request for Proposal (RFP) was issued. All closed loans were to small businesses, 36.60% were woman owned businesses, 35.76% were minority owned businesses, 18.25% were veteran owned businesses, and 66.54% were a woman, minority or veteran owned business. All closed loans are currently paying as agreed.

Income of the fund included fees and total interest of \$54,874.76. Fees earned were \$21,950.50 and interest income was \$32,924.26. Expenses for the fund totaled \$301,316.20. Major expense categories were legal, marketing, sponsorships, and salaries expense.

MBE Participation

AAEDC spent \$117,202.44 with MBE subcontractors. A total of \$84,869.19 was paid to McKennon, Shelton and Henn for legal expenses, \$23,149.10 was paid to Illume Communications for marketing expenses, and \$9,184.15 was paid to Integrity Title and Escrow for title services. The total amount paid to all MBEs was \$117,202.44 or 44% of the upfront expense fee of \$268,800. The minimum amount required by the RFP was 10% of the total upfront expense fee.

Marketing Outreach Efforts

To promote the VOLT Fund, AAEDC contracted with Illume Communications, a certified MBE creative design marketing firm in Baltimore City, to design the brand and collateral materials. AAEDC's robust marketing effort includes strong media relations outreach to print, broadcast and online media outlets, online promotions through AAEDC and partner's social media channels, direct mail, and sponsorships targeted to minority and women business audiences. Specifically, AAEDC was a sponsor of, and presented to the Maryland Washington Minority Companies Association (MWMCA), engaged the Governor's Office of Community Initiatives, which oversees the Governor's various ethnic commissions. In promoting the VOLT Fund, AAEDC sponsored the Baltimore Business Journal's Diversity in Business event and special issue, presented to Anne Arundel County's Caucus of African American Leaders as well as the county's minority business enterprise (MBE) committee. AAEDC also participated in numerous events, which included the Dorchester County Economic Development forum, and hosted two information sessions in Annapolis. Additionally, AAEDC responded to almost a dozen media inquiries on the VOLT program. As of 6/30/2014, AAEDC has distributed over 2,500 VOLT Fund brochures, participated in almost 90 events and meetings promoting the VOLT Fund, and received more than 100 loan applications.

Fund Balance

Under the first round of VLT funding, AAEDC was allocated of \$3,360,000 from the VLT fund. A total of \$3,092,000 is allocated to loans, and \$268,000 to the upfront expense fee. As of 6/30/2014, the AAEDC closed twenty-one (21) loans for \$2,992,000, leaving \$100,000 of AAEDC's first round allocation for use. As of 6/30/2014, \$268,000 of the upfront expense fee had been requested with \$268,000 received. AAEDC was approved for \$2,000,000 in new funding under the second round of VLT funding. AAEDC had a total of \$2,100,000 in loan

availability as of 6/30/2014.

Future Deployment of Funds

The current pipeline for conventional loans consists of seven (7) applications for \$1,125,000. These applications are in various stages of the underwriting process. The current pipeline for the loans with equity features is thirty-four (34) applications for approximately \$10,000,000. However, there is a planned allocation of only \$500,000 for loans with equity features. The Anne Arundel Economic Development Corporation anticipates closing \$2,100,000 in loans within the next fiscal year.

The target allocation would be 70% conventional loans and 30% to loans with equity features. AAEDC anticipates that at a \$2,000,000 funding level, approximately twelve (12) transactions would be approved and closed. The loans would be deployed in a similar fashion to previously approved/closed transactions. The format of the lending is further described in AAEDC's original response to the RFP issued 12/14/2012.

Meridian Management Group (MMG)

MMG is a fund manager whose family of funds has the capital and expertise to invest in small, minority, and women-owned businesses. MMG is a multi-faceted fund management company that is focused on serving the underserved and strengthening Maryland's economic base through the growth and development of small, minority and women-owned businesses. MMG was awarded \$3.5 million of the initial VLT Fund Pool. MMG will manage and invest the capital into businesses located within the Targeted Areas and throughout the State of Maryland. The name MMG has chosen for the fund is the Maryland Casino Business Investment Fund ("MCBIF"). The management of MCBIF includes:

- Providing marketing to generate deal flow for MCBIF
- Providing the underwriting, approval and closing on loan and investment transactions
- Responsibility for the receipt and collection of all loan and investment payments
- Processing loan and investment disbursement requests
- Managing the portfolio of loans and investments made by MCBIF
- Provide required fund performance reporting documents to the Maryland Department of Business and Economic Development.

The purpose of the MCBIF program is to provide access to capital for small businesses, minority owned businesses, women owned businesses and veteran owned businesses (Targeted Businesses) in Maryland. MCBIF's geographic focus is in areas which are in the designated radius (designated by zip code) of casino facilities. However, Targeted Businesses outside of the designated radius of casino facilities are also eligible for assistance. MCBIF will provide affordable and flexible financing to assist in the acquisition of businesses, equipment, owner occupied commercial real estate, vehicles, furniture/fixtures, and lease hold improvements. It will also provide working capital assistance for maintaining and improving business cash flow;

VLT

Page 7 of 19

Last Updated 10/1/14

marketing; adding personnel; inventory expansion; and obtaining professional consulting assistance. In addition, it will refinance existing debt under certain circumstances.

Program Performance Since Inception to June 30, 2014

In May of 2013, DBED contracted the management of \$3,500,000 to MMG.

MMG has partnered with Prince George's Financial Services Corporation (FSC First) to provide assistance in management of the MCBIF portfolio, micro loan administration and preparation of MCBIF reporting documents. FSC First's mission is to provide small and minority-owned businesses access to creative, flexible, and innovative financing solutions for their operations. They accomplish this by providing direct loans, accounts receivable financing, and micro enterprise loans. MMG has also partnered with the BIZ CENTER, Inc., in Prince George's County to provide micro loan administration.

Since the inception of the fund on May 1, 2013 through December 31, 2013, eleven (11) transactions have been approved totaling \$1,442,000. Of these transactions, two (2) were loans with equity features for \$150,000 and nine (9) were for \$1,292,000 and were conventional loans. Five (5) approved transactions totaling \$592,000 are located in the Targeted Areas and six (6) transactions totaling \$850,000 are outside of the targeted Areas

As of December 31, 2013, three (3) of the eleven (11) approved transactions have settled totaling \$232,000. Two (2) of the settled loans are in the Targeted Areas and one (1) is outside of the Targeted Areas.

Application and Commitment fees charged were \$11,820 with \$6,920 received as of December 31, 2013, and interest earned to date is \$23.23. The Fund is allowed an 8% expense fee to cover start-up and operating expenses.

Since January 1, 2014 through June 30, 2014, seventeen (17) transactions have been approved totaling \$2,617,500 to fifteen (15) companies. There were nine (9) approved transactions totaling \$1,312,500 located in the Targeted Areas to seven (7) companies and eight (8) transactions totaling \$1,305,000 outside of the Targeted Areas to eight (8) companies.

From January 1, 2014 through June 30, 2014, seventeen (17) transactions have settled totaling \$2,442,500 to fifteen (15) companies. There were eleven (11) settled loans in the Targeted Areas to nine (9) companies totaling \$1,442,500 and six (6) settled loans outside of the Targeted Areas to six (6) companies totaling \$1,000,000.

From January 1, 2013 through June 30, 2014, Application and Commitment fees received totaled \$19,045 and interest earned from January 1, 2014 through June 30, 2014 was \$27,406. Operating expenses related to the operation of the fund from January 1, 2014 through June 30, 2014 totaled \$228,619.

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

MBE Participation

To date, the Fund has been reimbursed \$280,000 for operating expenses and has utilized \$55,838.60 or 20% for services provided by MBE sub-contractors. The minimum amount required in the Request For Proposal is 10% of the 8% upfront expense fee total of \$280,000.

From January 1, 2014 through June 30, 2014 MBE Participation has been as follows:

| | |
|--------------------------------|---------------------|
| Abrams Foster Noles & Williams | \$ 8,595.00 |
| Global Design | \$ 26,967.30 |
| Sue Anne's Office Supply | \$ 5,244.11 |
| Jones & Associates | \$ 15,032.19 |
| Total | \$ 55,838.60 |

Marketing Outreach Efforts

A significant level of marketing activity has been and will continue to be conducted by MMG. During the fiscal 2014, four (4) MCBIF sponsored kick off events beginning in September 2013 were conducted in Anne Arundel County, Prince George's County and two (2) in Baltimore City. In addition, MMG has participated and will continue to participate in various conferences and workshops. Additionally, MMG sponsored three (3) Maryland Casino Business Investment Fund (MCBIF) events ("Money Tour").

January 28, 2014 Southern MD

Hilton Garden Inn

10385 O'Donnell Place

Waldorf, MD 20603

March 26, 2014 Prince George's County, MD

Oxon Hill Manor

6901 Oxon Hill Rd

Fort Washington, MD 20745, MD

April 17, 2014 Baltimore County, MD

Randallstown Community Center

3501 Resource Drive

Randallstown, MD 21133

In addition, MMG participated in nine (9) conferences and workshops in Hagerstown, MD, Salisbury, MD, Rockville, MD, Baltimore, MD (3 events), LaPlata, MD, Ocean City, MD and Upper Marlboro, MD marketing MCBIF. MMG has also had meetings with bankers, accountants, economic development officials, and business groups promoting MCBIF.

VLT

Page 9 of 19

Last Updated 10/1/14

Fund Balance

As of June 30, 2014, the fund balance is \$2,423,993. As of June 30, 2014, MCBIF had four (4) transactions totaling \$280,000 pending closing. MMG was approved for an additional round of funding of \$2,000,000.

Future Deployment of Funds

During the fiscal year 2015, MMG's marketing efforts is anticipated to generate a total of fourteen (14) approved transactions totaling \$2,000,000 and ten (10) transactions are expected to settle during fiscal year 2015 totaling \$1,500,000.

Meridian Management Group, Inc. would request \$4,000,000 for fiscal year 2016. The funds would be deployed throughout Maryland from deals obtained through the marketing efforts of MMG in similar manner to the \$3,500,000 initial funding.

Maryland Capital Enterprises (MCE)

MCE empowers businesses to grow, create jobs and generate wealth on Maryland's Eastern Shore and across the state. We offer businesses access to the resources they need to start or grow their business:

- Business Loans
- Business Education
- Business Consulting

MCE provides funding for small and micro businesses who wish to start or expand their businesses. We are the only micro-enterprise organization in the state of Maryland certified as SBA, USDA and CDFI Intermediary Lender.

MCE is funded through Federal and State grants, as well as private contributions, foundation funding and fundraising efforts.

MCE has assisted over 1,200 entrepreneurs, provided training to more than 2,200 individuals, made over 115 loans totaling over \$2.2 million.

MCE was approved to oversee the distribution of Maryland's funds from the Small, Minority and Women-Owned Business Account, which receives 1.5 percent of video lottery terminal revenue from Maryland casinos. MCE's allotment of \$1 million is distributed through its Casino Loan Fund. Small businesses located within 10 miles of Ocean Downs and Maryland Live casinos and those located elsewhere in the MCE's service area may be eligible for small business loans of \$5,000 to \$50,000.

Program Performance Since Inception to June 30, 2014

In May of 2013, DBED contracted the management of \$1,000,000 to Maryland Capital Enterprises (MCE). The name of MCE has chosen for the fund is MCE VLT Fund.

MCE approved \$42,995 in VLT loans during the reporting period bringing the total amount loaned May 2013 –June 2014 to \$910,869. Of that amount, \$489,571 was loaned to businesses located in the target areas of Maryland Live Casino and Ocean Downs Casino and \$421,298 was loaned to businesses located outside of the ten-mile radius of those casinos.

From May 1, 2013 to December 31, 2013, MCE approved and settled fourteen (14) loans during the year totaling \$486,824. Five of those were minority-owned businesses; eight (8) were women-owned businesses; seven (7) were located in one of our two targeted areas (Maryland Live & Ocean Downs); eight (8) were located in the Baltimore-Annapolis area, and six (6) were located on Maryland's Eastern Shore; eleven (11) are micro-businesses. The interest earned totaled \$6,582.79 and the fees earned totaled \$17,436. The Fund is allowed an 8% expense fee to cover start-up costs and operating expenses. To date, the Fund has been reimbursed \$50,000 for operating expenses with a Fund balance of \$720,000. The minimum amount required in the Request For Proposal is 10% of the 8% upfront expense fee total of \$80,000.

For the reporting period of January – June 2014, ten of the 16 businesses loaned to were women-owned; three were minority-owned; nine were businesses located on the Eastern Shore of Maryland; six were located in the Baltimore area; one was located in Anne Arundel County; and six of the businesses were start-ups. Total fees charged were \$14,223.

The average loan size during this period was \$26,500 and the average to date is \$30,362 showing that MCE is primarily a micro-lender making loans under \$50,000.

MCE's procedure is to issue loan proceeds to vendors and contractors as much as possible. Consequently, some of the funds loaned have not been disbursed yet. This helps assure that the funds are spent where the borrower planned and helps MCE monitor and assist with implementation of the start-up or expansion effort. We also allow borrowers to pay closing fees out of the amount borrowed. This helps cash-strapped borrowers to afford the loan.

Operating costs for the period totaled \$42,842.60 for a total spent May 2013 –June 2014 of \$89,622.76. We only needed \$9,623 more that the start-up funding to operate for the year. Interests earned this period were \$21,266.60 and for May 2013 –June 2014 were \$27,820.60.

MBE Participation

MCE spent over 10% of its \$80,000 operating funds with MBE's in spite of not being able to use one of them. We were unable to use our MBE IT Company because they found it was not practical to put the webpage we had planned on a platform that another IT company had installed. We used additional funds for our MBE attorney and two newspapers as follows: Baltimore Times, \$1,340; Afro American News, \$2,660; and Alice Pinderhughe, \$4000.

Each MBE helped us promote the VLT fund.

Marketing Outreach Efforts

Although we marketed through ads in our MBE newspapers and on their websites, most of our marketing was through newspaper articles, TV news reports and appearances, and networking. We have great relations with the media serving the Shore and the minority newspapers serving the Baltimore market. We continue to develop relations with the Baltimore mass media. The networking included participation in expos, workshops, businesses after hours, chambers of commerce meetings, etc.

We continue to use our webpage to market our loan funds and have a page there dedicated to the VLT fund. We also use blogging and our Facebook page, Twitter account, and LinkedIn account to promote the fund.

Projected Performance for Calendar Year 2015

MCE has utilized all \$920,000 of its funding and will only be lending principle funds that are repaid into the revolving loan fund. We estimate that it will be about \$175,000, and all of that will be redeployed during the fiscal year.

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

ANNE ARUNDEL VOLT FUND ACTIVITY

| No. | Fund Manager | Business Name | MBE Status | Type of Business | Transaction Type | Approved Transaction Amount | County | In Targeted Area Y/N | # of FTE | Microenterprise <10 FTE Y/N |
|-----|--------------|--|--------------------|------------------------|----------------------|-----------------------------|------------------|----------------------|----------|-----------------------------|
| 1 | Anne Arundel | AMJ Recovery, Inc | Women Owned | Service | Loan | \$200,000 | Anne Arundel | Yes | 3 | Yes |
| 2 | Anne Arundel | Advanced Threat Analysis (ATA) (Veteran) | Minority Owned | Information Technology | Loan | \$50,000 | Anne Arundel | Yes | 4 | Yes |
| 3 | Anne Arundel | CaseyCo, LLC | Non-Minority Owned | Retail | Loan | \$64,000 | Worcester | Yes | 6 | Yes |
| 4 | Anne Arundel | Davis' Pub - 643DP, Inc. | Women Owned | Retail | Loan | \$245,000 | Anne Arundel | No | 38 | No |
| 5 | Anne Arundel | HallCentral dba Roosters (Veteran) | Minority Owned | Retail | Loan | \$150,000 | Anne Arundel | Yes | 11 | No |
| 6 | Anne Arundel | i-Lighting, LLC | Veteran Owned | Manufacturer | Loan | \$150,000 | Cecil County | Yes | 3 | Yes |
| 7 | Anne Arundel | Joy Kids Learning Center | Non-Minority Owned | Service | Loan | \$58,250 | Anne Arundel | No | 7 | Yes |
| 8 | Anne Arundel | McKenzie Christopher Assoc., Inc. | Minority Owned | Information Technology | Loan | \$50,000 | Anne Arundel | Yes | 6 | Yes |
| 9 | Anne Arundel | Mezcal Restaurant | Minority Owned | Retail | Loan | \$50,000 | Baltimore County | No | 25 | No |
| 10 | Anne Arundel | Miniscule, LLC | Women Owned | Service | Loan | \$50,000 | Anne Arundel | No | 6 | Yes |
| 11 | Anne Arundel | Plak That, LLC | Non-Minority Owned | Retail | Loan | \$88,750 | Worcester | Yes | 1 | Yes |
| 12 | Anne Arundel | The Brick House, LLC (Veteran Owned) | Minority Owned | Retail | Loan | \$25,000 | Anne Arundel | No | 10 | Yes |
| 13 | Anne Arundel | Zeroed-In Technologies, LLC | Non-Minority Owned | Information Technology | Loan | \$250,000 | Anne Arundel | Yes | 6 | Yes |
| 15 | Anne Arundel | Blue Flame | Non-Minority Owned | Service | Loan | \$75,000 | Worcester | Yes | 1 | Yes |
| 16 | Anne Arundel | Milestone US, Inc. | Non-Minority Owned | Manufacturer | Loan/Equity Features | \$200,000 | Howard County | Yes | 6 | Yes |
| 17 | Anne Arundel | SameGrain, Inc. | Women Owned | Information Technology | Loan/Equity Features | \$250,000 | Baltimore City | No | 3 | Yes |
| 18 | Anne Arundel | Cwist | Women Owned | Information Technology | Loan/Equity Features | \$100,000 | Anne Arundel | No | 2 | Yes |
| 19 | Anne Arundel | Biomedica Management | Minority Owned | BioTechnology | Loan/Equity Features | \$250,000 | Baltimore County | Yes | 12 | No |
| 20 | Anne Arundel | Lightpoint Security (Woman Owned) | Minority Owned | Information Technology | Loan/Equity Features | \$250,000 | Baltimore County | Yes | 2 | Yes |
| 21 | Anne Arundel | Barn 34/Duck Cove, Inc. | Non-Minority Owned | Retail | Loan | \$265,000 | Worcester | Yes | 40 | No |
| 22 | Anne Arundel | Results Universe | Veteran Owned | Service | Loan | \$171,000 | Anne Arundel | No | 9 | Yes |

VLT

Page 13 of 19

Last Updated 10/1/14

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

ANNE ARUNDEL VOLT FUND ACTIVITY

| Initial Fund Amount (minus 8% Expense Fee) | | | \$3,091,200.00 | | | | | | |
|---|------------------------------------|--|---|----------------------------|-----------------------------------|---------------------------------|--------------------|---------------------------------------|-------------------------------------|
| Expense Fee Amount | | | \$268,800.00 | | | | | | |
| | | | | | | | | | |
| <u>Date Request Received</u> | <u>DISBURSEMENT REQUEST</u> | <u>"EXPENSE FEE" Disbursement Request</u> | <u>"FUND" Disbursement Request</u> | <u>Fund Balance</u> | <u>Expense Fee Balance</u> | <u>MBE Subcontractor</u> | <u>Date</u> | <u>MBE Invoices Billed D-6</u> | <u>MBE Invoices Paid D-5</u> |
| 7/18/2013 | \$250,000.00 | \$100,000.00 | \$150,000.00 | \$2,941,200.00 | \$168,800.00 | McKennon Shelton & Henn | May | \$1,348.00 | \$1,348.00 |
| 8/7/2013 | \$250,000.00 | | \$250,000.00 | \$2,691,200.00 | \$168,800.00 | Illume Communications | May | \$9,200.00 | \$9,200.00 |
| 8/20/2013 | \$616,076.89 | \$66,076.89 | \$550,000.00 | \$2,141,200.00 | \$102,723.11 | Illume Communications | June | \$7,850.00 | \$7,850.00 |
| 9/4/2013 | \$700,000.00 | | \$700,000.00 | \$1,441,200.00 | \$102,723.11 | Illume Communications | July | \$1,974.10 | \$1,974.10 |
| 10/16/2013 | \$618,747.00 | \$80,884.00 | \$537,863.00 | \$903,337.00 | \$21,839.11 | McKennon Shelton & Henn | July | \$5,883.50 | \$5,883.50 |
| 12/18/2013 | \$436,000.00 | | \$436,000.00 | \$467,337.00 | \$21,839.11 | McKennon Shelton & Henn | August | \$3,815.00 | \$3,815.00 |
| | | \$0.00 | | \$467,337.00 | \$21,839.11 | McKennon Shelton & Henn | September | \$8,908.50 | \$8,908.50 |
| | | | | \$467,337.00 | \$21,839.11 | Integrity Title | September | \$670.00 | \$670.00 |
| | | | | \$467,337.00 | \$21,839.11 | Illume Communications | October | \$4,050.00 | \$4,050.00 |
| | | | | \$467,337.00 | \$21,839.11 | Integrity Title | October | \$1,752.60 | \$1,752.60 |
| | | | | \$467,337.00 | \$21,839.11 | McKennon Shelton & Henn | October | \$7,753.50 | \$7,753.50 |
| | | | | \$467,337.00 | \$21,839.11 | Integrity Title | December | \$1,534.61 | \$1,534.61 |
| | | | | \$467,337.00 | \$21,839.11 | McKennon Shelton & Henn | December | \$5,860.00 | \$5,860.00 |
| | \$0.00 | \$0.00 | \$0.00 | \$467,337.00 | \$21,839.11 | McKennon Shelton & Henn | January | \$26,629.08 | \$26,629.08 |
| 5/27/2014 | \$382,665.76 | \$14,528.76 | \$368,137.00 | \$99,200.00 | \$7,310.35 | Integrity Title | January | \$1,793.93 | \$1,793.93 |
| 6/2/2014 | \$7,310.35 | \$7,310.35 | | \$99,200.00 | \$0.00 | Integrity Title | March | \$1,324.07 | \$1,324.07 |
| | | | | \$99,200.00 | \$0.00 | McKennon Shelton & Henn | March | \$5,433.00 | \$5,433.00 |
| | | | | \$99,200.00 | \$0.00 | McKennon Shelton & Henn | April | \$14,300.73 | \$14,300.73 |
| | | | | \$99,200.00 | \$0.00 | McKennon Shelton & Henn | May | \$4,937.88 | \$4,937.88 |
| | | | | | \$0.00 | Integrity Title | May | \$2,108.94 | \$2,108.94 |
| | | | | | \$0.00 | Illume Communications | June | \$75.00 | \$75.00 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | \$0.00 | \$0.00 | | | | |
| | | | | \$0.00 | \$0.00 | | | | |
| | \$3,260,800.00 | \$268,800.00 | \$2,623,863.00 | \$0.00 | \$0.00 | | | \$117,202.44 | \$117,202.44 |

VLT

Page 14 of 19

Last Updated 10/1/14

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

MMG MARYLAND CASINO BUSINESS INVESTMENT FUND

| No. | Fund Manager | Business Name | MBE Status | Type of Business | Transaction Type | Approved Transaction Amount | In Targeted Area Y/N | # of FTE | Microenterprise <10 FTE Y/N |
|-----|--------------|---|--------------------------|------------------------|----------------------|-----------------------------|----------------------|----------|-----------------------------|
| 1 | MMG | Brews Up, Inc. | Non-Minority Owned | Retail | Loan | \$62,000 | Yes | 2 | Yes |
| 2 | MMG | Davis Limousine and Sedan Service, LLC | Minority Owned | Service | Loan | \$120,000 | Yes | 4 | Yes |
| 3 | MMG | CopioCity, LLC | Women Owned | Other | Loan/Equity Features | \$50,000 | No | 6 | Yes |
| 4 | MMG | Mechanical Solutions, LLC | Non-Minority Owned | Service | Loan | \$150,000 | Yes | 10 | No |
| 5 | MMG | DuraBante, LLC | Certified Veteran Owned | Service | Loan | \$250,000 | No | 24 | No |
| 6 | MMG | Teavolve 2, LLC | Minority Owned | Retail | Loan | \$150,000 | No | 12 | No |
| 7 | MMG | Grace Management | Certified Minority Owned | Service | Loan | \$150,000 | Yes | 5 | Yes |
| 8 | MMG | Laura Woods dba Maryland Quartermaster | Women Owned | Retail | Loan | \$150,000 | No | 4 | Yes |
| 9 | MMG | CRWI, LLC | Minority Owned | Information Technology | Loan | \$110,000 | Yes | 15 | No |
| 10 | MMG | MK Catering, Inc. | Women Owned | Service | Loan | \$150,000 | No | 29 | No |
| 11 | MMG | Mainstreet Technologies, Inc. | Minority Owned | Information Technology | Loan/Equity Features | \$100,000 | No | 50 | No |
| 12 | MMG | Capitol Concrete & Landscape, LLC | Certified Minority Owned | Other | Loan | \$55,000 | Yes | 2 | Yes |
| 13 | MMG | Davis Limousine and Sedan Service, LLC ² | Certified Minority Owned | Service | Loan | \$10,000 | Yes | 0 | Yes |
| 14 | MMG | Hillen Tire & Auto Service, Inc. | Non-Minority Owned | Service | Loan | \$100,000 | No | 8 | Yes |
| 15 | MMG | Oluwafemi Ijiti dba PostNet of Annapolis | Minority Owned | Service | Loan | \$65,000 | No | 2 | Yes |
| 16 | MMG | Quarry Products Unlimited, Inc. | Women Owned | Other | Loan | \$150,000 | No | 8 | Yes |
| 17 | MMG | Miles Ahead Entertainment, Inc. | Minority Owned | Other | Loan/Equity Features | \$250,000 | No | 6 | Yes |
| 18 | MMG | Joyful Bath Company, LLC | Women Owned | Retail | Loan/Equity Features | \$250,000 | No | 6 | Yes |
| 19 | MMG | Donna Stecker-Premier Safety Solutions | Women Owned | Service | Loan | \$55,000 | No | 2 | Yes |
| 20 | MMG | Avaris Concepts, LLC ¹ | Certified Minority Owned | Service | Loan | \$300,000 | Yes | 12 | No |
| 21 | MMG | Avaris Concepts, LLC | Certified Minority Owned | Service | Loan | \$50,000 | Yes | 12 | No |
| 22 | MMG | AvDyne Aeroservices, LLC ¹ | Minority Owned | Service | Loan | \$300,000 | Yes | 30 | No |
| 23 | MMG | AvDyne Aeroservices, LLC | Minority Owned | Service | Loan | \$20,000 | Yes | 30 | No |
| 24 | MMG | Mahogany, Inc. ^{1*} | Certified Minority Owned | Other | Loan | \$400,000 | Yes | 70 | No |
| 25 | MMG | Mallow Crunchies, LLC & The Mallow Bar, Inc. | Minority Owned | Retail | Loan | \$400,000 | No | 22 | No |
| 26 | MMG | Strategies, Tactics, And Results, Associates, Inc. (STAR, Associates, Inc.) | Certified Minority Owned | Service | Loan | \$27,500 | Yes | 15 | No |
| 27 | MMG | OGOS Energy, LLC | Minority Owned | Other | Loan/Equity Features | \$150,000 | Yes | 6 | Yes |
| 28 | MMG | 21st Century Expo Group, Inc. | Minority Owned | Service | Loan | \$35,000 | No | 4 | Yes |

VLT

Page 15 of 19

Last Updated 10/1/14

[illegible]

VLT

Page 16 of 19

Last Updated 10/1/14

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

MARYLAND CAPITAL ENTERPRISE VLT FUND

| No. | Fund Manager | Business Name | MBE Status | Type of Business | Transaction Type | Approved Transaction Amount | County | In Targeted Area Y/N | # of FTE | Microenterprise <10 FTE Y/N |
|-----|------------------|---|--------------------|------------------|------------------|-----------------------------|------------------|----------------------|----------|-----------------------------|
| 1 | Maryland Capital | Nurse Professionals Home Care & Staffing, LLC | Women Owned | Service | Loan | \$48,000 | Worcester | Yes | 2 | Yes |
| 2 | Maryland Capital | Nex Stylz, LLC dba Deucez | Minority Owned | Service | Loan | \$15,000 | Baltimore City | Yes | 3.5 | Yes |
| 3 | Maryland Capital | Gordshell's Holdings, LLC | Minority Owned | Manufacturer | Loan | \$50,000 | Baltimore County | Yes | 10 | No |
| 4 | Maryland Capital | Seaside Counseling & Wellnes Ctr,LLC | Women Owned | Service | Loan | \$30,000 | Worcester | Yes | 5 | Yes |
| 5 | Maryland Capital | Reynolds Tavern & Restaurant | Women Owned | Retail | Loan | \$18,000 | Anne Arundel | No | 18 | No |
| 6 | Maryland Capital | Birdland Sports Bar & Grill | Minority Owned | Service | Loan | \$66,800 | Baltimore City | No | 6 | Yes |
| 7 | Maryland Capital | Station North Arts Café Gallery | Minority Owned | Service | Loan | \$3,500 | Baltimore City | No | 4 | Yes |
| 8 | Maryland Capital | MRS, Inc. dba Kent Island Crab Cakes | Women Owned | Service | Loan | \$50,000 | Queen Anne | No | 4 | Yes |
| 9 | Maryland Capital | Esther's Hair Salon | Women Owned | Service | Loan | \$15,000 | Anne Arundel | Yes | 1 | Yes |
| 10 | Maryland Capital | 19th Hole OC Golf Package | Non-Minority Owned | Service | Loan | \$60,000 | Worcester | Yes | 2 | Yes |
| 11 | Maryland Capital | The Berlin Coffee House, LLC | Women Owned | Retail | Loan | \$20,525 | Worcester | Yes | 2 | Yes |
| 12 | Maryland Capital | Memsahib Restaurant | Minority Owned | Service | Loan | \$49,999 | Baltimore City | No | 10 | No |
| 13 | Maryland Capital | Green Sage, LLC dba Soup and Salad | Women Owned | Retail | Loan | \$10,000 | Talbot | No | 2 | Yes |
| 14 | Maryland Capital | Property Management, Inc. | Women Owned | Service | Loan | \$50,000 | Baltimore County | No | 7 | Yes |
| 15 | Maryland Capital | SneakerThirst | Minority Owned | Service | Loan | \$4,999 | Baltimore City | Yes | 2 | Yes |
| 16 | Maryland Capital | Polaris Recovery Center | Women Owned | Service | Loan | \$50,000 | Baltimore County | No | 4 | Yes |
| 17 | Maryland Capital | New Horizons | Minority Owned | Service | Loan | \$20,000 | Baltimore City | No | 3 | Yes |
| 18 | Maryland Capital | Stages Early Childhood | Women Owned | Service | Loan | \$49,999 | Worcester | Yes | 6 | Yes |
| 19 | Maryland Capital | Hubba's BBQ | Non-Minority Owned | Service | Loan | \$4,999 | Worcester | Yes | 6 | Yes |
| 20 | Maryland Capital | Undercover Cleaning | Women Owned | Service | Loan | \$10,000 | Worcester | Yes | 1 | Yes |
| 21 | Maryland Capital | Symmetry Massage | Women Owned | Service | Loan | \$13,000 | Wicomico | No | 1 | Yes |
| 22 | Maryland Capital | Precious Boutique | Women Owned | Retail | Loan | \$3,000 | Worcester | Yes | 1 | Yes |
| 23 | Maryland Capital | Ocean Breeze Café, LLC | Women Owned | Service | Loan | \$100,000 | Baltimore City | Yes | 6 | Yes |
| 24 | Maryland Capital | No Pins Framing and Presentations, LLC | Non-Minority Owned | Retail | Loan | \$40,000 | Baltimore City | No | 2 | Yes |
| 25 | Maryland Capital | The Green House, Inc. | Women Owned | Service | Loan | \$15,000 | Worcester | Yes | 1 | Yes |
| 26 | Maryland Capital | Taxi, Etc. | Women Owned | Service | Loan | \$45,000 | Wicomico | No | | Yes |
| 27 | Maryland Capital | Sprout Group, LLC | Non-Minority Owned | Service | Loan | \$55,000 | Worcester | Yes | 2 | Yes |
| 28 | Maryland Capital | Undercover Cleaning | Women Owned | Service | Loan | \$3,000 | Worcester | Yes | 1 | Yes |

VLT

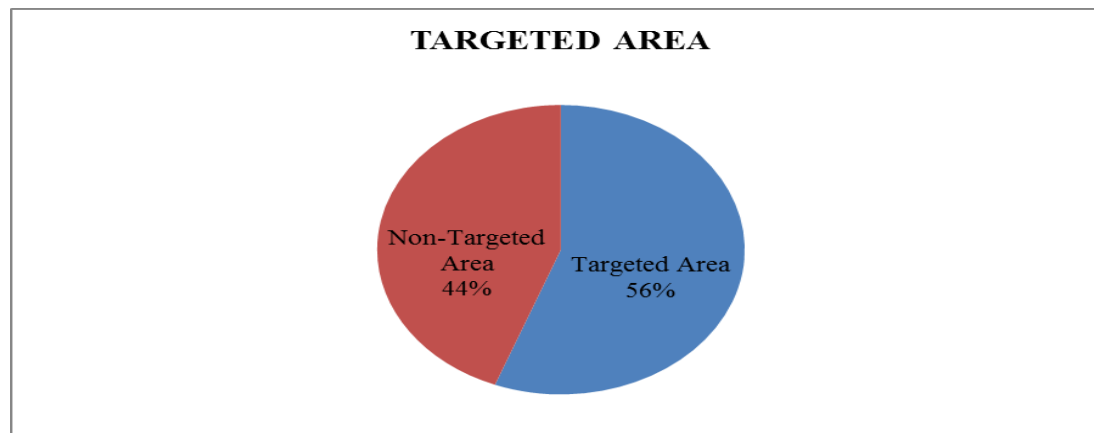
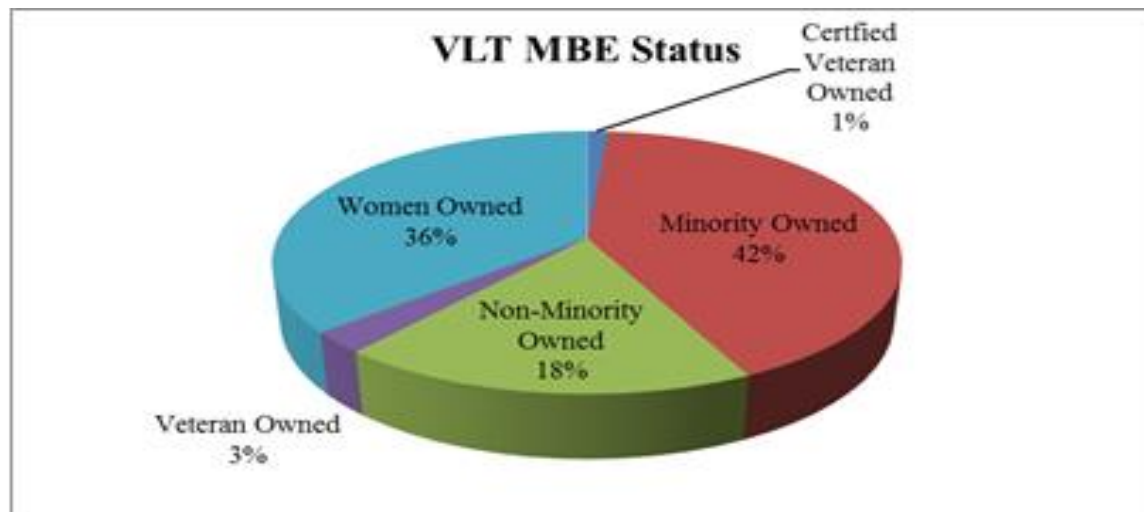
Page 17 of 19

Last Updated 10/1/14

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

MARYLAND CAPITAL ENTERPRISE VLT FUND[illegible]

CONSOLIDATED VLT ACTIVITY



MARYLAND DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

**Small, Minority, and Women-Owned Business Account
State Government Article Section 9-1A-35**

**AFFIDAVIT IN SUPPORT OF ANNUAL FINANCIAL STATUS REPORT
FOR VIDEO LOTTERY TERMINAL ACCOUNT SECTION 9-1A-27(a)(6)**

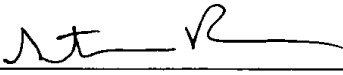
I, STEPHEN PRIMOSCH, hereby swear and affirm that:

- 1) I am over the age of 18 years old and am competent to testify as to the matters herein.
- 2) I am the Vice President of Financial Services for Anne Arundel Economic Development Corporation ("AAEDC").
- 3) As Vice President of Financial Services, I have authority to execute this Affidavit on behalf of AAEDC.
- 4) As Vice President of Financial Services, I have personal knowledge of and have reviewed AAEDC's accounting records that were used in preparing AAEDC's Annual Financial Status Report for the Video Lottery Terminal Account Section 9-1A-27(a)(6).
- 5) To the best of my knowledge, information, and belief, AAEDC's accounting records are true and accurate and were prepared in accordance with Generally Accepted Accounting Principles (GAAP).

I SWEAR AND AFFIRM THAT THE FOREGOING STATEMENTS AND REPRESENTATIONS ARE TRUE, ACCURATE, AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

DATE : 9/2/14

**ANNE ARUNDEL ECONOMIC
DEVELOPMENT CORPORATION**



Stephen Primosch
Vice President, Financial Services
2660 Riva Road
Suite 200
Annapolis, MD 21401
410.222.7410

MARYLAND DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

Small, Minority, and Women-Owned Business Account
State Government Article Section 9-1A-35

**AFFIDAVIT IN SUPPORT OF ANNUAL FINANCIAL STATUS REPORT
FOR VIDEO LOTTERY TERMINAL ACCOUNT SECTION 9-1A-27(a)(6)**

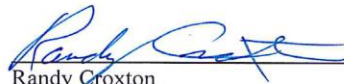
I, RANDY CROXTON, hereby swear and affirm that:

- 1) I am over the age of 18 years old and am competent to testify as to the matters herein.
- 2) I am the Chief Investment Officer for Meridian Management Group, Inc. ("MMG").
- 3) As Chief Investment Officer, I have authority to execute this Affidavit on behalf of MMG.
- 4) As Chief Investment Officer, I have personal knowledge of and have reviewed MMG's accounting records that were used in preparing MMG's Annual Financial Status Report for the Video Lottery Terminal Account Section 9-1A-27(a)(6).
- 5) To the best of my knowledge, information, and belief, MMG's accounting records are true and accurate and were prepared in accordance with Generally Accepted Accounting Principles (GAAP).

I SWEAR AND AFFIRM THAT THE FOREGOING STATEMENTS AND REPRESENTATIONS ARE TRUE, ACCURATE, AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

DATE : 10/6/2014

MERIDIAN MANAGEMENT GROUP, INC.



Randy Croxton
Chief Investment Officer
826 E. Baltimore St.
Baltimore, MD 21202
410.333.4270

MARYLAND DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

Small, Minority, and Women-Owned Business Account
State Government Article Section 9-1A-35

**AFFIDAVIT IN SUPPORT OF ANNUAL FINANCIAL STATUS REPORT
FOR VIDEO LOTTERY TERMINAL ACCOUNT SECTION 9-1A-27(a)(6)**

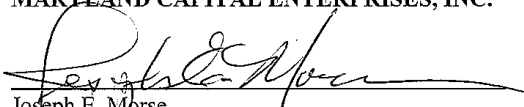
I, JOSEPH E. MORSE, hereby swear and affirm that:

- 1) I am over the age of 18 years old and am competent to testify as to the matters herein.
- 2) I am the President and Chief Executive Officer of Maryland Capital Enterprises, Inc. ("MCE").
- 3) As President and CEO, I have authority to execute this Affidavit on behalf of MCE.
- 4) As President and CEO, I have personal knowledge of and have reviewed MCE's accounting records that were used in preparing MCE's Annual Financial Status Report for the Video Lottery Terminal Account Section 9-1A-27(a)(6).
- 5) To the best of my knowledge, information, and belief, MCE's accounting records are true and accurate and were prepared in accordance with Generally Accepted Accounting Principles (GAAP).

I SWEAR AND AFFIRM THAT THE FOREGOING STATEMENTS AND REPRESENTATIONS ARE TRUE, ACCURATE, AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

DATE : August 8, 2014

MARYLAND CAPITAL ENTERPRISES, INC.


Joseph E. Morse
President & Chief Executive Officer
P.O. Box 213
144 East Main Street
Salisbury, MD 21803
410.546.1900